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February 24, 1994

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FEB 24 1994

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

Mr. William Caton  
Acting Secretary  
Federal Communications Commission  
1919 M Street, N.W.  
Room 222  
Washington, DC 20554

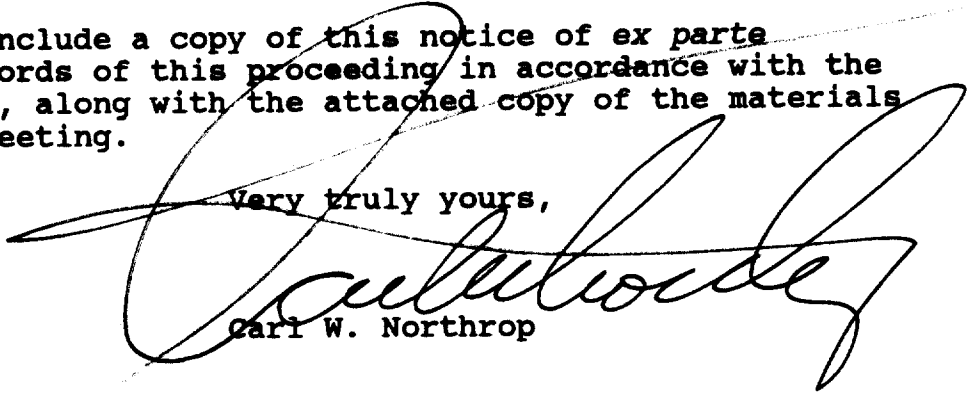
Re: Notice of Ex Parte Contact  
PP Docket No. 93-253

Dear Mr. Caton:

On February 24, 1994, Carl W. Northrop, representing PacTel Paging, met with Kent Nakamura in the Office of Plans & Policy to discuss the auction docket. Mark Stachiw of PacTel Paging participated by telephone. All issues discussed were consistent with PacTel Paging's publicly filed comments and a written presentation was distributed.

Please include a copy of this notice of ex parte contact in the records of this proceeding in accordance with the Commission's rules, along with the attached copy of the materials presented at the meeting.

Very truly yours,

  
Carl W. Northrop

CWN/tcm DC01 0071110.01

cc: Kent Nakamura, Esquire  
Mark Stachiw, Esquire

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## **AUCTION NPRM**

### **NARROWBAND PCS LICENSING RULES**

**PACTEL PAGING  
FEBRUARY 24, 1994**

## **APPLICATION PROCESS**

- **THE APPLICATION PROCESSES FOR NARROWBAND PCS SHOULD BE DESIGNED TO MINIMIZE PAPERWORK**
  - **THE COSTS TO THE COMMISSION GO DOWN IF APPLICANTS ARE NOT REQUIRED TO MAKE EXTENSIVE DUPLICATIVE FILINGS**
  - **THE RISKS OF ERRORS IN PROCESSING GOES DOWN IF THE NUMBER OF APPLICATIONS TO BE PROCESSED IS REDUCED**
- **THE NEED FOR DETAILED LEGAL AND TECHNICAL SHOWINGS FOR NARROWBAND PCS IS REDUCED WHEN ASSIGNMENTS ARE MADE BY AUCTION RATHER THAN LOTTERY**
  - **THE RULES DO NOT REQUIRE ANY FILINGS WITH THE COMMISSION AFTER THE INITIAL APPLICATION, SO FILING A DETAILED CONSTRUCTION TECHNICAL EXHIBIT MAKES NO SENSE WHEN THE LICENSEE CAN CHANGE ITS SYSTEM DESIGN WITHOUT NOTICE TO THE COMMISSION**
  - **TECHNICAL SHOWINGS ARE NOT NECESSARY TO REDUCE SPECULATIVE APPLICATIONS BECAUSE AUCTIONS, IF PROPERLY CRAFTED, WILL REDUCE OR ELIMINATE SPECULATIVE FILINGS BY ELIMINATING THE JACKPOT PHENOMENON**
  - **TECHNICAL SHOWINGS ARE NOT NECESSARY FOR THE AWARD OF SPECTRUM BECAUSE BIDDERS WILL BE PERMITTED TO BUILD ANY SYSTEM THEY CHOOSE SO LONG AS IT FITS WITHIN THE BROAD RUBRIC OF NARROWBAND PCS**

## **NARROWBAND PCS AUCTION LICENSING ISSUES**

- **ALL APPLICANTS INTERESTED IN BIDDING ON LICENSES OF A PARTICULAR TYPE (I.E. 50 MHZ PAIRED NATIONWIDE) SHOULD BE INCLUDED IN A COMMON BIDDING POOL, AND NOT BE REQUIRED TO FILE FOR A PARTICULAR CHANNEL**
  - **REDUCES THE ELEMENT OF LUCK IN THE PROCESS AND DISCOURAGES COLLUSION**
- **BLOCKS OF SPECTRUM THAT ARE SUBSTITUTABLE AND EQUIVALENT SHOULD BE AUCTIONED OFF SIMULTANEOUSLY SO THAT A MARKET PRICE RANGE CAN SETTLE ACROSS THE ENTIRE LOT.**
  - **COMPETITIVE PARITY IS PROMOTED WHEN POTENTIAL COMPETITORS PAY ROUGHLY EQUIVALENT AMOUNTS FOR COMPARABLE SPECTRUM; THE "WINNERS CURSE" IS MINIMIZED**
- **ALL SIMILAR BANDWIDTHS SHOULD BE AUCTIONED AS A GROUP RATHER THAN AS IDENTIFIABLE CHANNELS**
  - **IF SPECIFIC FREQUENCIES ARE AUCTIONED, OPPORTUNITIES FOR STRIKE BIDDERS AND GREENMAIL INCREASE SUBSTANTIALLY**
  - **PUBLIC INTEREST REQUIRES SUCCESSFUL BIDDERS TO HAVE THE SAME FREQUENCY WHEN POSSIBLE**
  - **THEREFORE, PACTEL SUGGESTS THAT THE COMMISSION AUCTION ALL FREQUENCIES THEN ASSIGN FREQUENCIES TO THE WINNERS IN A MANNER THAT ENSURES THAT THE WINNERS HAVE AS MUCH FREQUENCY ON THE SAME CHANNEL AS POSSIBLE**
    - **THE SUCCESSFUL BIDDERS SHOULD BE REQUIRED TO WORK WITH EACH OTHER AND THE COMMISSION TO ACHIEVE THIS RESULT**

## **NARROWBAND PCS AUCTION LICENSING ISSUES (CONT'D)**

- **ALL NARROWBAND LICENSES OF ALL BANDWIDTHS IN A PARTICULAR TERRITORY SHOULD BE AUCTIONED OFF EITHER SEPARATELY (FROM GREATEST BANDWIDTH TO SMALLEST BANDWIDTH) OR SIMULTANEOUSLY BEFORE MOVING ON TO OTHER TERRITORIES. THE SEQUENCE SHOULD BE FROM LARGEST (NATIONWIDE) TO SMALLEST (BTA) TERRITORIES**
  - **THIS PROCEDURE WILL ENABLE UNSUCCESSFUL BIDDERS IN EARLY ROUNDS TO BID FOR LESSER INCLUDED TERRITORIES AND CHANNELS**
  - **FREQUENCY BLOCKING STRATEGIES WILL BE REDUCED**
  - **IF THE COMMISSION WANTS TO REDUCE THE NUMBER OF AUCTIONS, PACTEL SUGGESTS GROUPING THE MTAS AND BTAS INTO THE REGIONAL LICENSING AUCTIONS SO THAT ALL LICENSES FOR THE SAME TERRITORY ARE AUCTIONED SIMULTANEOUSLY**
- **"MIXED" BIDDING PROCEDURES (IE. A COMBINATION OF ORAL AND SEALED BIDDING) AND "SECOND ROUND" BIDDING PROCEDURES SHOULD BE AVOIDED**
  - **THE COMMISSION SHOULD NOT ADD NEEDLESS COMPLEXITY TO THE AUCTION AT THIS EARLY STAGE**
  - **THERE ALREADY ARE A LARGE NUMBER OF NARROWBAND AUCTIONS REQUIRED. MAKING THE PROCESS MORE COMPLICATED WILL SLOW THINGS DOWN**

## **OPERATIONAL LICENSING ISSUES NOT ADDRESSED**

- **COMMISSION DEFERRED LICENSING RULES ON NARROWBAND PCS TO THE AUCTION PROCEEDING, HOWEVER, THE AUCTION NPRM DOES NOT ADDRESS ALL OF THE IMPORTANT LICENSING RULES**
- **FOR EXAMPLE**
  - **ARE APPLICATIONS REQUIRED AT ALL IN THE LICENSED GEOGRAPHIC AREA?**
    - **IF SO, WHAT TECHNICAL INFORMATION IS REQUIRED**
  - **THE RULES REQUIRE CERTAIN CO-CHANNEL SEPARATION DISTANCES BUT DOES NOT PROVIDE FOR A MECHANISM FOR ADJACENT LICENSEES TO DETERMINE THE LOCATION OF THE OTHER PARTY'S BASE STATIONS**
  - **WHAT TYPE OF LICENSE WILL BE ISSUED AND DO CHANGES REQUIRE MODIFICATION FILINGS?**
- **ALL OF THESE RULES NEED TO BE ADDRESSED BEFORE LICENSES ARE AUCTIONED**